

# Business Results

## First Three Months of the Fiscal Year Ending March 31, 2021

August 5, 2020  
Sysmex Corporation

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The Sysmex Group adopted International Financial Reporting Standards (IFRS) in the fiscal year ended March 31, 2017. Figures are disclosed in compliance with IFRS.

#### **Forward-Looking Statements**

This material contains forward-looking statements about Sysmex Corporation and its Group companies (the Sysmex Group). These forward-looking statements are based on the current judgments and assumptions of the Sysmex Group in light of the information currently available to it. Uncertainties inherent in such judgments and assumptions, the future course of our business operations and changes in operating environments both in Japan and overseas may cause our actual results, performance, achievements, or financial position to be materially different from any future results, performance, achievements or financial position either expressed or implied within these forward-looking statements.

1.

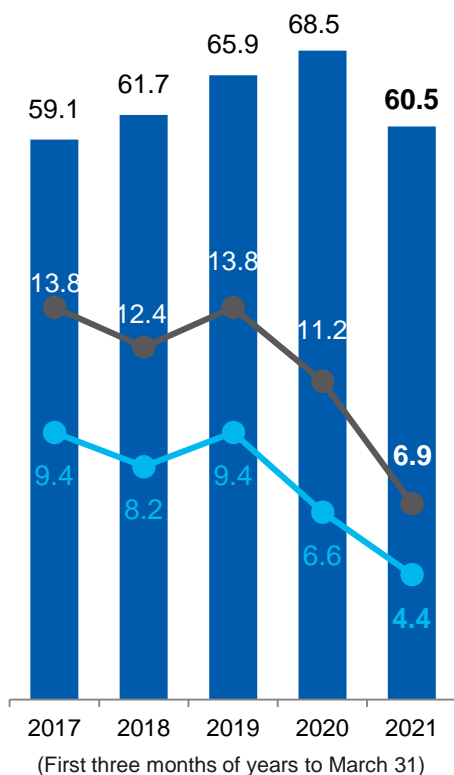
## Business Results

First Three Months of Fiscal Year  
Ending March 31, 2021

# Financial Highlights (Year on Year)



(Billions of yen)



Legend:  
■ Net sales  
—●— Operating profit  
—●— Profit attributable to owners of the parent

(Billions of yen)

YoY (Previous period = 100%)

	First three months of fiscal year ending March 31, 2021		First three months of fiscal year ended March 31, 2020		YoY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	60.5	100%	68.5	100%	88.3%
Cost of sales	29.8	49.4%	31.6	46.2%	94.4%
SG&A expenses	18.9	31.3%	20.7	30.2%	91.4%
R&D expenses	4.9	8.1%	4.9	7.3%	98.4%
Other income (expenses)	0.1	0.3%	0.1	0.2%	156.9%
Operating profit	6.9	11.5%	11.2	16.5%	61.7%
Profit attributable to owners of the parent	4.4	7.4%	6.6	9.8%	67.0%

- **Net sales:** Net sales fell, as sales of reagents decreased due to COVID-19-inflicted declines in the number of inpatients and outpatients in all regions, as well as to the impact of yen appreciation.
- **Operating profit:** Operating profit was down as lower sales forced down gross profit and the cost of sales ratio deteriorated due to falling reagent sales volume. Exchange rate fluctuations reduced net sales ¥2.35 billion and increased operating profit ¥0.26 billion. At the exchange rates prevailing one year earlier, net sales would have been down 8.3% year on year, and operating profit down 40.6%.
- **Profit attributable to owners of the parent:** Profit was down due to lower operating profit, despite the impact of an exchange rate gain.

**Exchange loss (gains):** Gain of ¥0.09 billion

	First three months of fiscal year ending March 31, 2021	First three months of fiscal year ended March 31, 2020
1USD	¥107.6	¥109.9
1EUR	¥118.5	¥123.5
1CNY	¥15.2	¥16.1

# Breakdown of Net Sales (by Destination)

First three months of  
fiscal year ending  
March 31, 2021

YoY  
(Previous period = 100%)

Results

Ratio

Yen basis

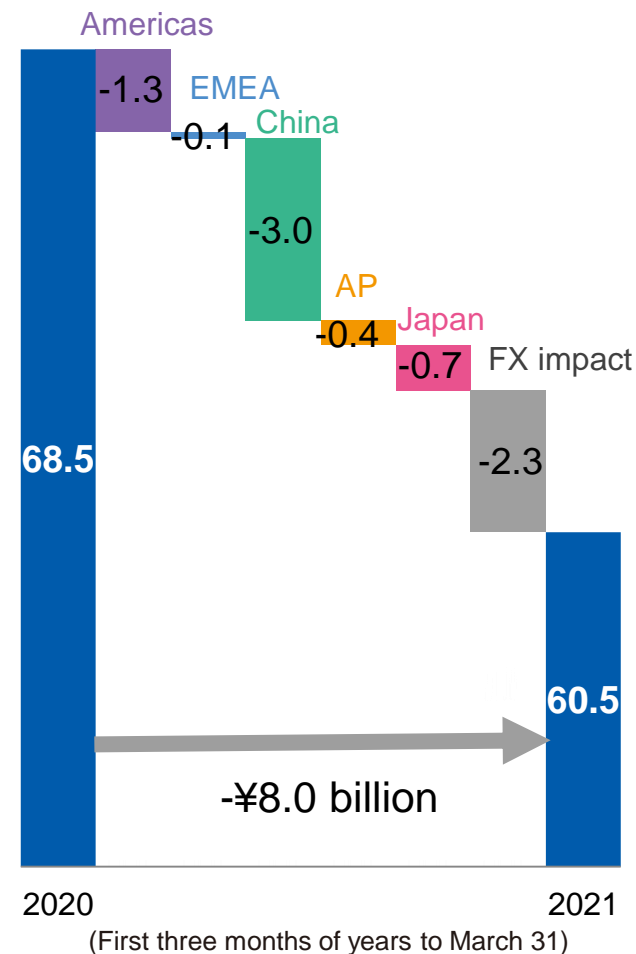
Local currency  
basis

	Results	Ratio	Yen basis	Local currency basis
Net sales	60.5	100.0%	88.3%	91.7%*
Americas	13.9	23.1%	88.4%	90.3%
EMEA	18.2	30.1%	94.9%	98.9%
China	13.8	22.9%	78.3%	82.9%
AP	5.0	8.4%	89.2%	92.8%*
Japan	9.3	15.5%	92.5%	-

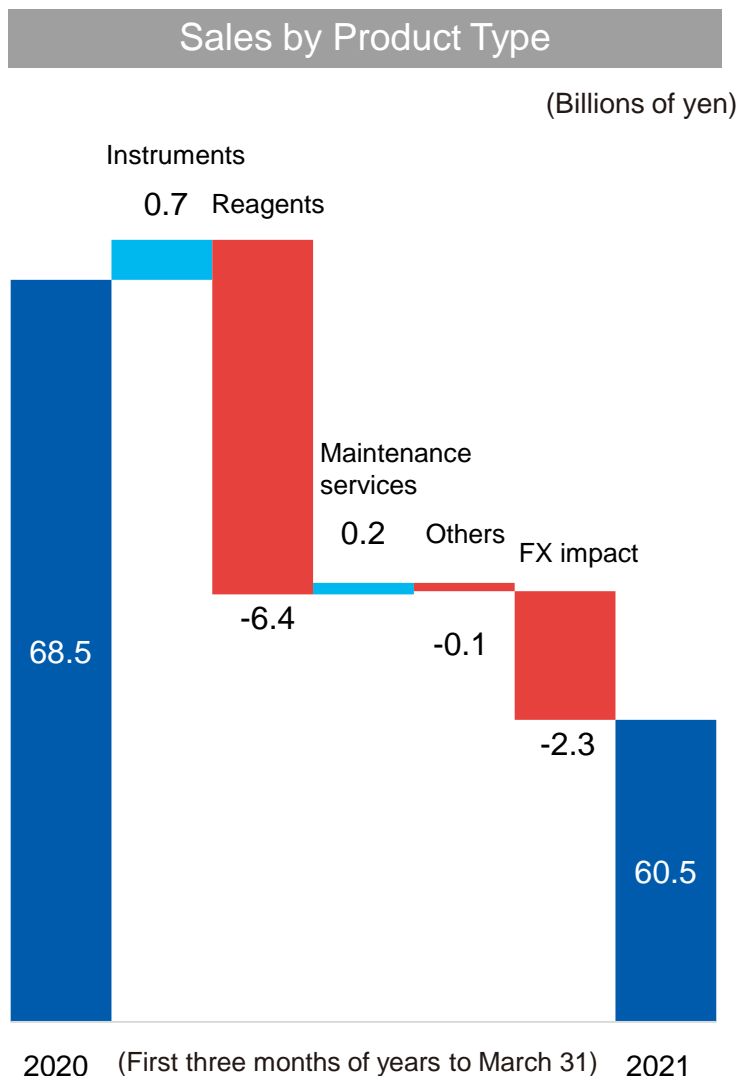
\* Year-on-year increase on a yen basis, excluding the impact of exchange rate fluctuations

## Net Sales by Destination

(Billions of yen)



# Breakdown of Net Sales (by Product Type)



Note: Amounts and comments below exclude the impact of exchange rates.

## ● Instruments:

- Due to lockdowns and other restrictions on movement, some instrument installations were delayed. However, sales were up, thanks to acquisition of a tender in Saudi Arabia and an order from a large commercial lab in Germany.

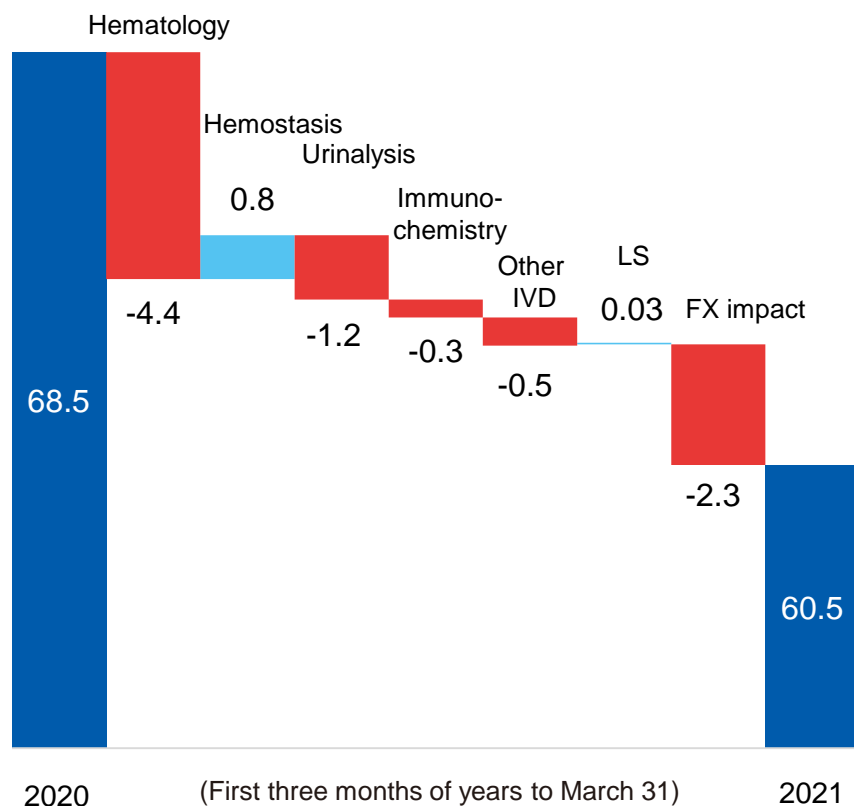
## ● Reagents:

- Sales of hematology, urinalysis and immunochemistry reagents fall due to the spread of COVID-19.
- Sales of hemostasis were up, thanks to D-Dimer which are used as an indicator for monitoring the increasing severity of COVID-19.

# Breakdown of Net Sales (by Business)

## Sales by Business

(Billions of yen)

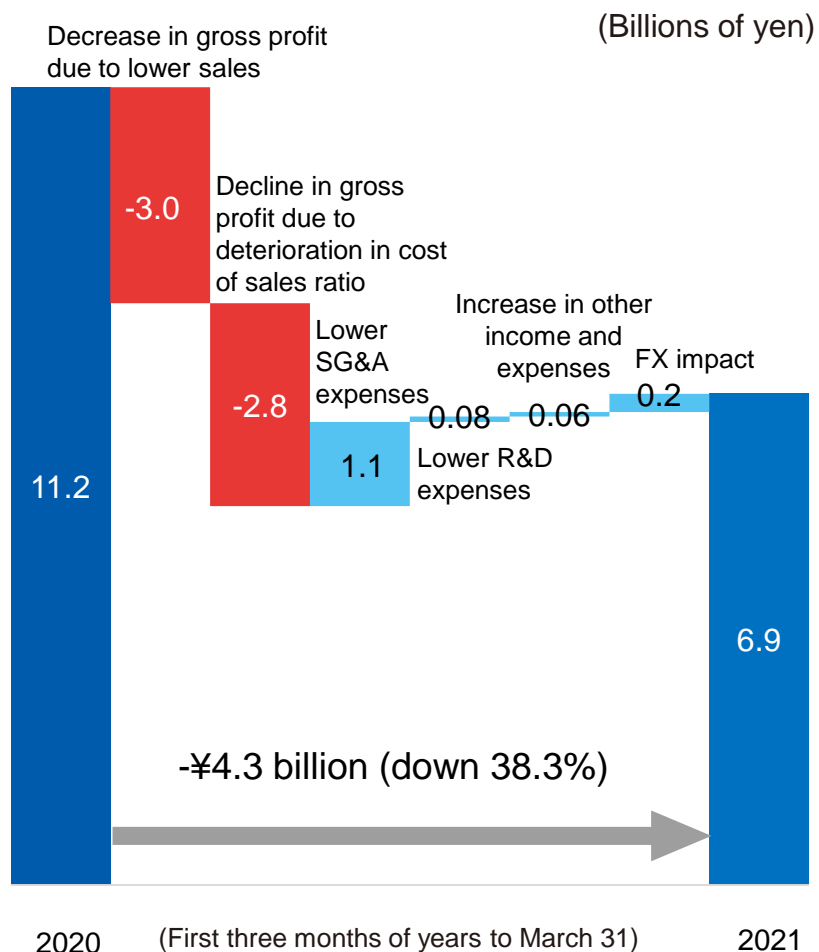


Note: Amounts and comments below exclude the impact of exchange rates.

- **Hematology, Urinalysis, Immunochemistry:**
  - Reagent sales decreased due to the impact of COVID-19.
  - The impact was particularly great in the urinalysis field, where usage is high for general outpatient care and health checks.
- **Hemostasis:**
  - Sales in each region increased, including sales to our alliance partner.
  - In addition, we saw higher sales of D-Dimer reagents, which are used as an indicator for monitoring the increasing severity of COVID-19.
- **Life Science:**
  - Sales were up slightly due to sales of NCC Oncopanel and PCR testing kits for COVID-19.

# Breakdown of Operating Profit

## Operating Profit



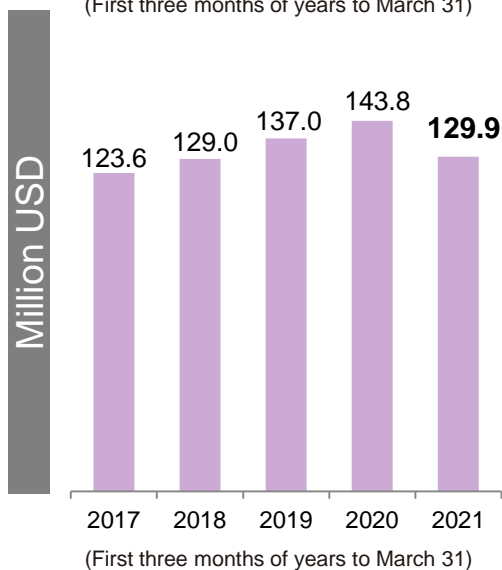
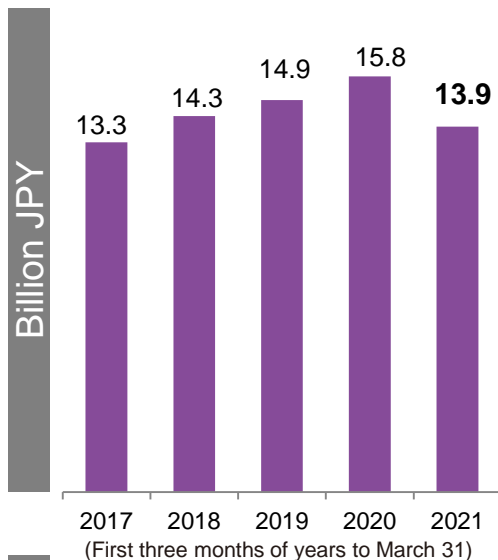
Note: The figures below exclude the impact of exchange rates.

- Decrease in gross profit due to lower sales: Down ¥3.05 billion
- Cost of sales ratio: 4.6pt worsening
  - Changes in the product mix (lower percentage of reagents): 2.4pt worsening
  - Deterioration in the cost of sales ratio, due to reduced instrument and reagent manufacturing volumes, and to decreased number of CPT\* sales mainly in the United States: 2.6pt worsening
  - Lower service costs in China and Americas: 0.8pt improvement
- SG&A expenses: Down 1.19 billion
  - Reduced level of activity amid lockdowns and restrictions on movement, lower operating costs
- R&D expenses: Down ¥0.08 billion
  - Despite COVID-19, R&D activities progressed essentially according to plan
- FX impact: ¥0.26 billion positive

\*CPT (Cost per test): Transactions involving customer billings according to the number of times tests



## Sales



(Billions of yen)

	First three months of fiscal year ending March 31, 2021	First three months of fiscal year ended March 31, 2020	YoY (Previous period = 100%)	
			Yen basis	Local currency basis
Sales	<b>13.9</b>	15.8	<b>88.4%</b>	90.3%
Instruments	<b>3.7</b>	4.0	<b>92.6%</b>	94.6%
Reagents	<b>5.9</b>	7.3	<b>81.9%</b>	83.6%
Services, others	<b>4.1</b>	4.3	<b>95.4%</b>	97.4%

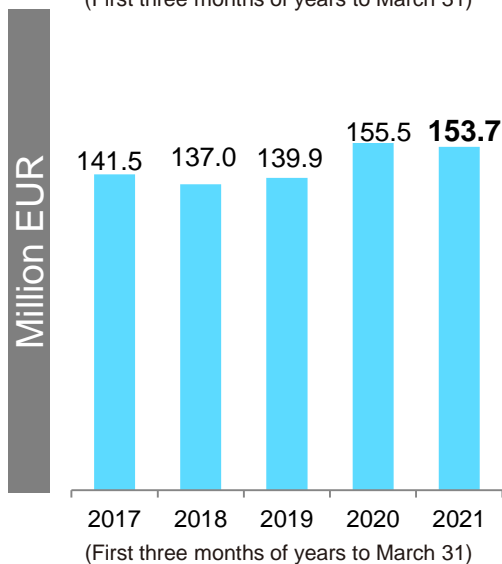
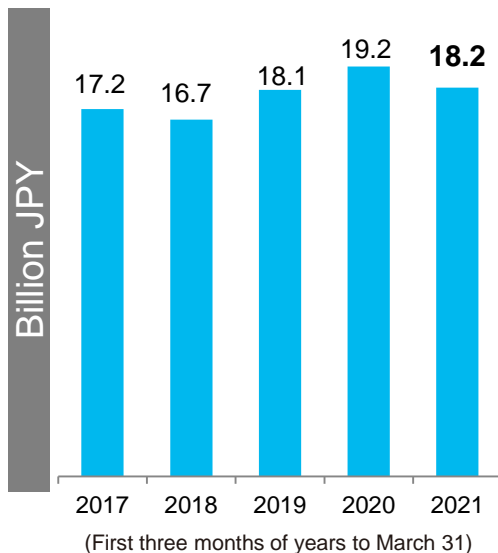
**Sales for this region were down due to the impact of COVID-19 on reagent sales, although instrument sales were favorable in Central and South America.**

- Instruments: Sales decreased as the result of delayed installation of hematology instruments in North America, despite higher sales in the hemostasis field in North America and the winning of a tender in the hematology field in Mexico.
- Reagents: Sales were down due the impact of COVID-19.

## Topics

- In the United States, we launched Flow Cytometer XF-1600 (for research).
- The restart of economic activity is being delayed in many US states as infections continue to increase.

## Sales



(Billions of yen)

	First three months of fiscal year ending March 31, 2021	First three months of fiscal year ended March 31, 2020	YoY (Previous period = 100%)	
			Yen basis	Local currency basis
Sales	<b>18.2</b>	19.2	<b>94.9%</b>	98.9%
Instruments	<b>5.8</b>	5.3	<b>109.9%</b>	114.6%
Reagents	<b>9.3</b>	11.0	<b>85.2%</b>	88.8%
Services, others	<b>2.9</b>	2.8	<b>104.1%</b>	108.5%

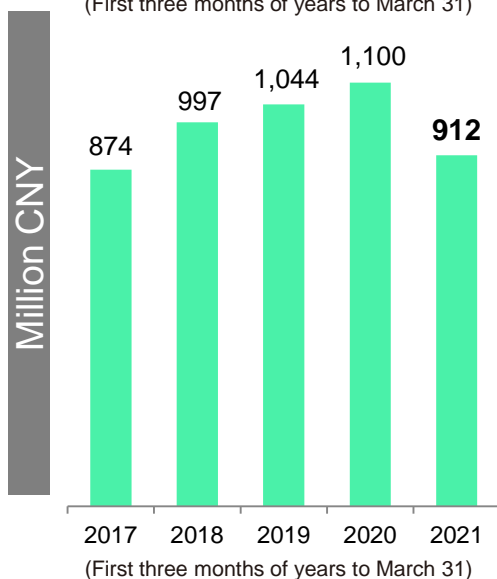
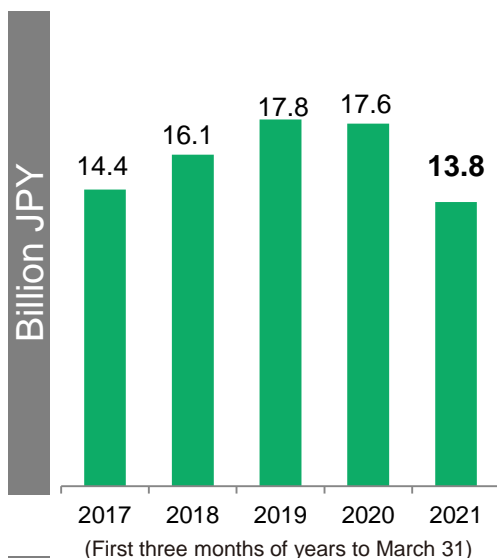
**Sales of hematology and urinalysis reagents fell, due to the impact of COVID-19. This was despite favorable sales of hematology instruments, and hemostasis instruments and reagents.**

- Instruments: Sales were up, thanks to an order from a large commercial lab in Germany and the acquisition of a tender in Saudi Arabia, leading to favorable performance in the hematology field.
- Reagents: Sales were down, due to lower sales of hematology and urinalysis fields in various regions owing to the impact of COVID-19.

## Topics

- We signed a contract in the hematology field with the largest commercial lab group in the EMEA region.
- The number of patients in major European countries is on the rise again after easing activity limitations.

## Sales



(Billions of yen)

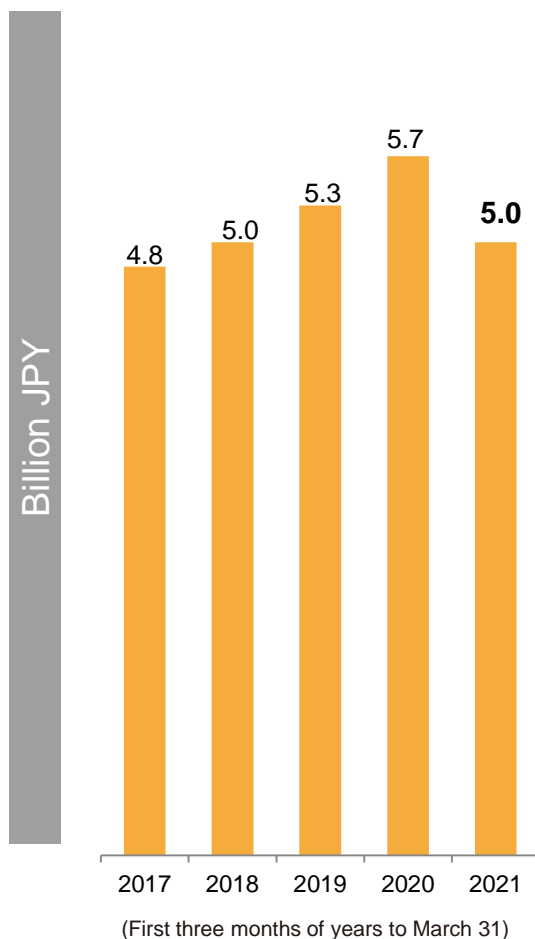
	First three months of fiscal year ending March 31, 2021	First three months of fiscal year ended March 31, 2020	YoY (Previous period = 100%)	
			Yen basis	Local currency basis
Sales	<b>13.8</b>	17.6	<b>78.3%</b>	82.9%
Instruments	<b>4.8</b>	4.4	<b>108.6%</b>	115.0%
Reagents	<b>7.4</b>	11.3	<b>65.4%</b>	69.3%
Services, others	<b>1.5</b>	1.8	<b>84.6%</b>	89.6%

**Sales of urinalysis and immunochemistry instruments rose, but reagent sales decreased mainly in hematology field, causing overall sales to fall.**

- Instruments: Sales rose, due to favorable sales in the urinalysis and immunochemistry fields.
- Reagents: Although the number of people undergoing testing is trending toward recovery, sales were down due to a reaction from distributors' advance purchases of reagents in Q4 in preparation for the COVID-19 pandemic.

## Topics

- We received approval for local production of the XN-10x and plan to commence sales in the second half.
- We launched a lymph node metastasis testing system for breast cancer using the OSNA™ method.
- The number of people undergoing testing continued to fall slightly, as in-patient flows are being limited as a cautionary move against a resurgence in COVID-19.



(Billions of yen)

	First three months of fiscal year ending March 31, 2021	First three months of fiscal year ended March 31, 2020	YoY (Previous period = 100%) Yen basis
Sales	<b>5.0</b>	5.7	<b>89.2%</b> (92.8%)
Instruments	<b>1.3</b>	1.1	<b>114.1%</b>
Reagents	<b>3.3</b>	4.0	<b>83.5%</b>
Services, others	<b>0.4</b>	0.5	<b>79.6%</b>

Note: Figures in parentheses exclude the impact of exchange rate fluctuations.

**Sales for the region were down as the result of lower reagent sale, even though instrument sales increased due to distributor purchases in preparation for the COVID-19 pandemic.**

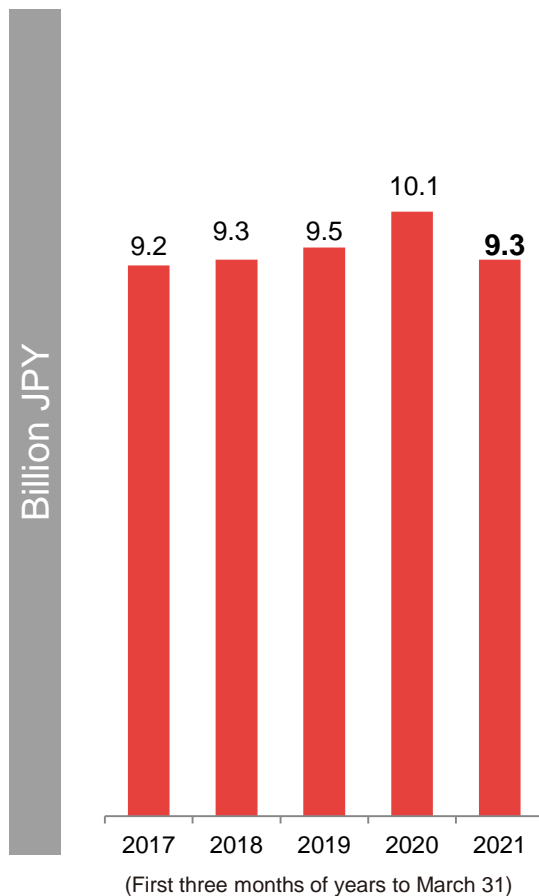
- Instruments: Sales increased mainly in the hematology field as distributors secured safety stock in Thailand, Bangladesh, and other countries.
- Reagents: Sales were down in the hematology and urinalysis fields, due to the impact of COVID-19.

## Topics

- We launched the Automated Blood Coagulation Analyzers CN-3000/ CN-6000 in South Korea and Taiwan.
- The outbreak of dengue fever in 2019 shows signs of recurrence in some countries.

(Billions of yen)

## Sales



	First three months of fiscal year ending March 31, 2021	First three months of fiscal year ended March 31, 2020	YoY (Previous period = 100%) Yen basis
Sales	<b>9.3</b>	10.1	<b>92.5%</b>
Instruments	<b>0.8</b>	1.6	<b>52.1%</b>
Reagents	<b>6.7</b>	6.9	<b>97.6%</b>
Services, others	<b>1.7</b>	1.5	<b>112.0%</b>

**Sales fell on comparison with the same period of the previous year, when we recorded a large order, and the impact of COVID-19. As a result, instrument and reagent sales both decreased.**

- Instruments: Sales were down in comparison with the previous year, when we recorded a large order, as well as to delays in instrument installation, due to the state of emergency declaration.
- Reagents: Sales were down despite favorable performance in the quality control materials of hematology field and also in the hemostasis field, because of lower demand in the immunochemistry and urinalysis fields as the result of COVID-19.

## Topics

- We launched the Automated Blood Coagulation Analyzers CN-6500/CN-3500, which add coagulation molecular marker measurement functionality to the CN-6000/CN-3000.

3.

## Consolidated Sales Forecast for the Fiscal Year Ending March 31, 2021

# Sales Forecast (Quarterly basis, local currency basis)



Region (% of net sales)	Q1 (Apr.-Jun.)		Q2 (Jul.-Sep.)		Q3 (Oct.-Dec.)	Remarks
	Forecast in May	Results	Forecast in May	Forecast in Aug.	Forecast in Aug.	
Americas (approx. 25%)	Down 15%	Down 9.7%	Up slightly	Down 5-10%	Up	<ul style="list-style-type: none"> <li>Infections continue to increase in the United States and Brazil, so the impact is now expected to continue for longer than initially expected.</li> </ul>
EMEA (approx. 25%)	Down 15%	Down 1.1%	Up slightly	Down 0-5%	Down 0-5%	<ul style="list-style-type: none"> <li>We received large instrument orders in Q1, so the outlook is better than initially assumed.</li> <li>There is some risk that the impact will be prolonged in Africa and other areas.</li> </ul>
China (approx. 25%)	Down 15%	Down 17.1%	Up slightly	Flat	Up	<ul style="list-style-type: none"> <li>Performance was lower than assumed, as distributors prioritized the reduction of reagent inventories in Q1.</li> <li>The speed of recovery was slower than initially expected, as hospitals limited admittances to prevent infection risk.</li> </ul>
AP (approx. 10%)	Down 20%	Down 10.8% *Down 7.2%	Down 20%	Down 10-15%	Down 5-10%	<ul style="list-style-type: none"> <li>Performance was higher than initially expected, because distributors purchased instruments in Q1 in preparation for lockdowns and a second wave.</li> <li>Sales are expected to continue falling, as time will be needed for infections to converge.</li> </ul>
Japan (approx. 15%)	Down 5-10%	Down 7.5%	Down 5-10%	Down 5-10%	Up	<ul style="list-style-type: none"> <li>Performance was essentially in line with expectations, but we will need to continue monitoring the situation due to a resurgence in infections.</li> </ul>
<b>Total</b> (Yen basis)	Down 10-15%	Down 11.7% *Down 8.3%	Down slightly	Down 5-10%	Up 5%	<ul style="list-style-type: none"> <li>Excluding the impact of exchange rates, performance outpace expectations in Q1.</li> <li>In Q2, performance is likely to be below initial forecasts, as it will take time for sales to recover in the Americas, EMEA and China.</li> <li>We expect sales to return to a growth trajectory from Q3.</li> </ul>

\*The figure exclude the impact of exchange rates.

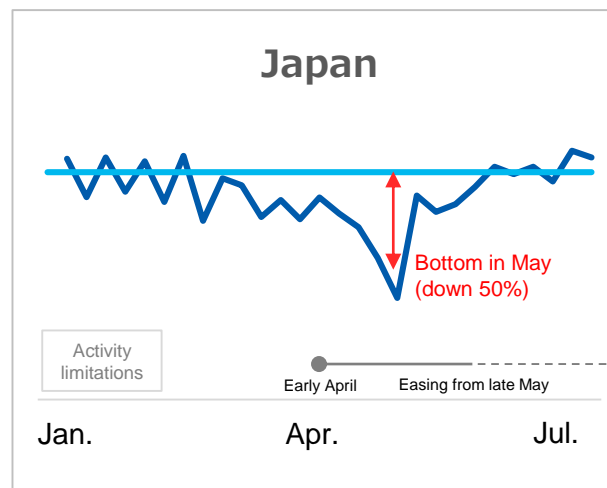
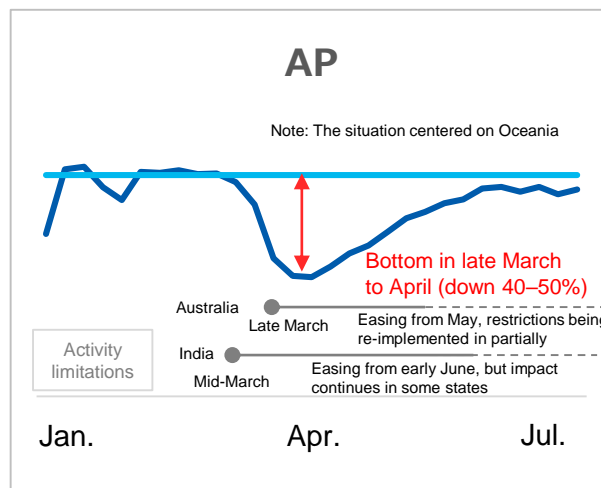
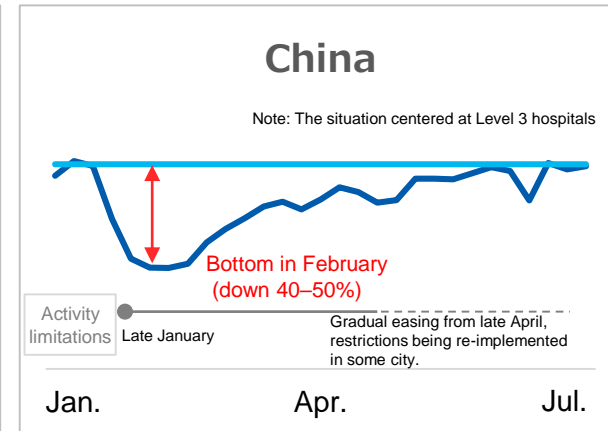
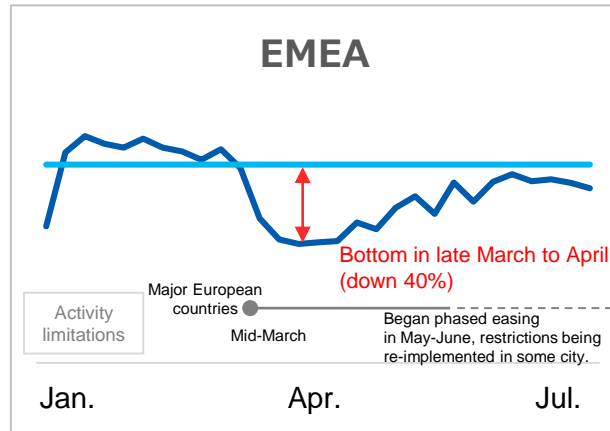
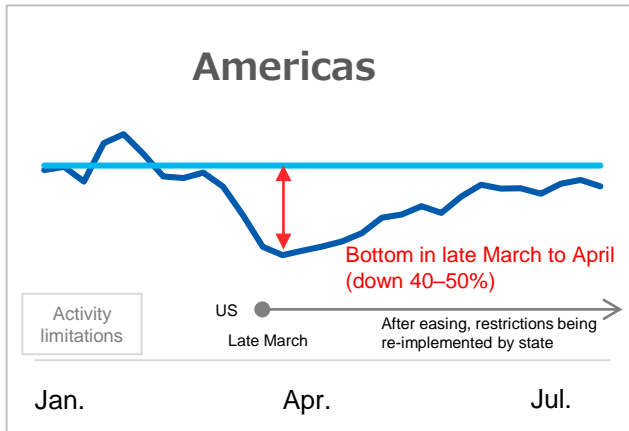
Note: The forecast figures above are subject to change, depending on the spread of COVID-19.

Assumed exchange rates in May:1USD=¥108.8, 1EUR=¥119.6, 1CNY=¥15.3

Assumed exchange rates in Aug.:1USD=¥107.7, 1EUR=¥121.0, 1CNY=¥15.2

# Estimates Number of Hematology Tests

Estimated the number of tests at large hospitals and commercial labs  
 Each region is trending toward recovery, but a lull in activity persists.



— Average in previous fiscal year



- Forecast calls for the same level of dividends as in the fiscal year ended March 31, 2020

	Interim dividend	Year-end dividend	Total	Dividend ratio
Fiscal year ended March 31, 2020	¥36	¥36	¥72	43.1%
Fiscal year ending March 31, 2021 (proposal)	¥36	¥36	¥72	—

Sysmex aims to maintain a proper balance between aggressive investment, which is designed to sustain steady high growth, and returns to our shareholders as our earning power increases. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout ratio of 30% under our basic policy of sharing the successes of our operations in line with business performance.

(Appendix)

## Stable provision of products and services

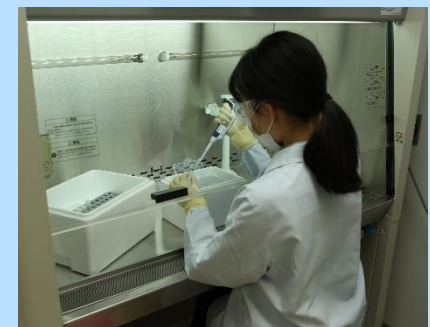
- Our instrument factories and reagent factories (including seven overseas) continued to operate without delay, ensuring a stable supply of instruments and reagents.
- To prevent the stoppage of necessary testing at hospitals and commercial labs, we utilized online support, allowing service to continue.
- We deployed Web seminars and online sales and marketing activities in various countries.

## Initiatives targeting employees

- We maintained employment throughout the Group (including of part-time and dispatched workers).
- We put in place environments to ensure employee safety. We utilized teleworking in Japan and overseas.

## Initiatives to enhance COVID-19 testing systems

- We continued to supply PCR testing kits (Japan).
- In collaboration with the City of Kobe and SRL, we configured and began operating a PCR testing system at the Sysmex BMA Laboratory (within the Kobe Biomedical Innovation Center) (June).
- With Kawasaki Heavy Industries and Medicaroid, we developed and began supporting the social implementation of an automated PCR testing robot system (June).



PCR testing at the Sysmex BMA Laboratory

## Creating and providing new diagnostic technology

### ■ Develop antigen test (nasopharyngeal swab)

- Configure assay using our Automated Immunoassay Systems **[completed]**
- Commence clinical evaluation, and aim to achieve early regulatory approval

### ■ Develop antibody test (blood)

- Configure assay using our Automated Immunoassay Systems **[completed]**
- Performed clinical evaluations in cooperation with Japanese medical institutions **[Completed]**
- Launched an antibody lab assay service (for research) and antibody measurement reagents (for research) **[Completed]**



Automated Immunoassay System HISCL-5000

Note: For antigen and antibody tests, our Automated Immunoassay Systems is capable of performing **quantitative measurements** that are **highly sensitive** in **17 minutes per sample (up to 200 samples/hour)**

### ■ Develop tests to predict severity and monitor treatment

- Configure cytokine\* panel assay using our Automated Immunoassay Systems **[completed]**
- In July, launched a lab assay service (for research) of six parameters highly related to COVID-19 **[Completed]**

\*Cytokine: A general term for physiologically active substances that contribute to intercellular interaction, that can be determined by measuring proteins secreted by cells. As infection spreads, the inflammatory response increases. When inflammatory cytokines are discharged in large quantities, immune cells can trigger acute multiple organ failure. Results include respiratory failure, sepsis, coagulation disorders and other severe illnesses.

# Sales by Business and Product Type



(Billions of yen)

		First three months of fiscal year ending March 31, 2021		First three months of fiscal year ended March 31, 2020		YoY (Previous period = 100%)	YoY at previous year's rate
		Results	Ratio	Results	Ratio		
by Business	Hematology	37.3	61.7%	43.1	63.0%	86.5%	89.8%
	Hemostasis	11.3	18.8%	11.0	16.1%	103.2%	107.7%
	Urinalysis	3.5	5.8%	4.9	7.2%	71.6%	74.7%
	Immunochemistry	2.5	4.2%	2.9	4.3%	85.3%	88.2%
	Clinical chemistry	0.6	1.0%	0.6	0.9%	98.6%	100.9%
	FCM business	0.1	0.3%	0.3	0.5%	49.2%	51.8%
	Other IVD	2.4	4.1%	2.9	4.3%	84.6%	87.2%
	<b>IVD business</b>	<b>58.0</b>	<b>96.0%</b>	<b>66.0</b>	<b>96.4%</b>	<b>87.9%</b>	<b>91.4%</b>
	<b>LS business</b>	<b>2.4</b>	<b>4.0%</b>	<b>2.4</b>	<b>3.6%</b>	<b>98.1%</b>	<b>101.5%</b>
	<b>Other</b>	<b>0.0</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total sales</b>		<b>60.5</b>	<b>100.0%</b>	<b>68.5</b>	<b>100.0%</b>	<b>88.3%</b>	<b>91.7%</b>

by Product Type	<b>Instruments</b>	<b>16.7</b>	<b>27.6%</b>	16.7	24.4%	99.9%	104.4%
	<b>Reagents</b>	<b>32.9</b>	<b>54.4%</b>	40.6	59.3%	81.0%	84.1%
	<b>Services</b>	<b>8.6</b>	<b>14.3%</b>	8.6	12.5%	99.6%	102.5%
	<b>Other</b>	<b>2.2</b>	<b>3.7%</b>	2.5	3.7%	90.0%	93.8%
	<b>Total sales</b>	<b>60.5</b>	<b>100.0%</b>	<b>68.5</b>	<b>100.0%</b>	<b>88.3%</b>	<b>91.7%</b>

# Results by Geographic Region (Sales and Operating Profit)



		First three months of fiscal year ending March 31, 2021	First three months of fiscal year ended March 30, 2021	YoY (Previous period = 100%)	
				Yen	Local currency
Americas	Sales to external customers	12.8	14.6	88.0%	89.8%
	Operating profit (loss)	(0.4)	0.4	(90.0%)	(91.9%)
EMEA	Sales to external customers	18.2	19.5	93.1%	97.0%
	Operating profit (loss)	1.6	1.5	105.9%	110.4%
China	Sales to external customers	13.8	17.6	78.2%	82.8%
	Operating profit (loss)	0.2	1.8	15.6%	16.6%
AP	Sales to external customers	5.0	5.6	89.3%	-
	Operating profit (loss)	0.2	0.6	46.9%	-
Japan*	Sales to external customers	10.5	10.9	95.9%	-
	Operating profit (loss)	6.1	6.8	89.9%	-

\* Includes sales to IDEXX and other external customers

Lighting the way **with diagnostics**